FISCAL UPDATE

March 15, 2007

Legislative Services Agency

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STATUS OF APPROPRIATIONS BILLS

As of March 12, 2007

Appropriations Subcommittee Bills			
Appropriations	LSB/		
Subcommittee	File #	Status	
Administration and Regulation Appropriations Bill	HSB 284	Passed Joint Subcommittee on March 7.	
Agriculture and Natural Resources Appropriations Bill	SSB 1305	Passed Joint Subcommittee on February 28.	
Education Appropriations Bill	SSB 1342	Passed Joint Subcommittee on March 7.	
Judicial Branch Appropriations Bill	HSB 288	Passed Joint Subcommittee on March 8.	
Transportation Appropriations Bill	HF 752	Passed House Appropriations Committee on March 6.	
Other Appropriations Bills			
Allowable Growth Rate Act	SF 109	Signed by Governor on February 22.	
Advanced Placement Examination Fee	HF 47	Passed House Education Committee on March 7.	
Autumn Olive Education Project	HF 366	Passed House Natural Resources Committee on February 7.	
Energy Utility Assessment and Resolution Program	HF 347	Passed House Commerce Committee on February 8.	
Federal Block Grant Bill	HF 787	Passed House Appropriations Committee on March 6.	
School District Reorganization and Sharing Incentives	HF 534	Passed House Education Committee on February 21.	
Statewide Preschool Program for Four-Year-Olds	HF 527	Passed House Education Committee on February 22.	
Student Achievement and Teacher Quality	SF 277	Passed Senate on March 5.	
Supplemental Appropriations Bill	SF 403	Passed Senate on March 12.	
Supplemental Appropriations for Veterans Programs Act	SF 95	Signed by Governor on February 14.	
Waste Tire Management Fund	HF 511	Passed House Environmental Protection Committee on February 23.	



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SENATE PASSES CIGARETTE/TOBACCO TAX INCREASE BILL – SF 128

Tobacco Tax Increase



The Senate passed SF 128 (Cigarette/Tobacco Tax Increase Bill) on March 7. As amended, the Bill, which is effective upon enactment, provides for the following:

- Increases the cigarette tax from \$0.36 per pack of 20 cigarettes to \$1.36 per pack.
- Increases the tobacco tax rate from 22.0% of the wholesale cost to 50.0% of the
 wholesale price. In addition, the Bill taxes cigars at 22.0% of the wholesale cost
 and adds an additional tax of 28.0% of the wholesale cost up to a limit of \$0.50
 per cigar.
- Requires that moist snuff be taxed at \$1.13 per ounce.
- Creates a Health Care Trust Fund to receive a standing appropriation of \$127.6 million annually beginning in FY 2008.

Cigarette Tax Revenues



Senate File 128 is estimated to increase cigarette tax revenues by the following amounts:

- \$32.7 million in FY 2007
- \$129.4 million in FY 2008
- \$134.0 million in FY 2009

Tobacco Tax Revenues

The Bill is estimated to increase tobacco tax revenues by the following amounts:

- \$1.9 million in FY 2007
- \$5.4 million in FY 2008
- \$5.7 million in FY 2009

More Information

The Fiscal Note for SF 128 is available on the Legislative Services Agency (LSA) web site at: http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

HOUSE APPROPRIATIONS COMMITTEE PASSES FEDERAL BLOCK GRANT BILL – HSB 180

Appropriations Bill



More Information

The House Appropriations Committee passed HSB 180 (FFY 2008 Federal Block Grant Bill) on March 6.

The Bill authorizes the receipt and expenditure of federal funds totaling \$4.4 billion for FFY 2008, a decrease of \$23.8 million compared to FFY 2007.

The NOBA (Notes on Bills and Amendments) for HSB 180 is available on the LSA web site at: www3.legis.state.ia.us/noba.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Lisa Burk (Ext. 17942)

HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2008 TRANSPORTATION APPROPRIATIONS BILL – HSB 202

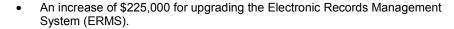
Appropriations Bill

The House Appropriations Committee passed HSB 202 (FY 2008 Transportation Appropriations Bill) on March 6. The Bill appropriates a total of \$316.5 million from the Primary Road and Road Use Tax Funds, an increase of \$1.6 million compared to estimated FY 2007. The Bill also appropriates 3,374.0 FTE positions, a decrease of 1.0 FTE position compared to estimated FY 2007.

Operating Budget Units

A net increase of \$2.8 million for the Operations, Planning, Motor Vehicle, and Highways budget units. The changes include:

- An increase of \$2.4 million for fuel costs.
- An increase of \$261,000 for support of additional lane miles.
- An increase of \$445,000 for salt costs.



- An increase of \$215,000 for operating expenses for the new Motor Vehicle Center in Ankeny and the Des Moines satellite site.
- A decrease of \$640,000 for elimination of the Park Fair Mall lease.
- A decrease of \$120,000 to eliminate 1.0 FTE position due to reorganization.

Workers' Compensation

A decrease of \$437,000 for workers' compensation costs.

IRP & IFTA System

An appropriation of \$1.0 million to develop a unified, customer-based International Registration Plan (IRP) and International Fuel Tax (IFT) Administration System. The total cost is \$2.0 million. The Department received \$1.0 million in FY 2007.

Clarinda Garage

An appropriation of \$2.3 million for construction of a new maintenance garage in Clarinda.

More Information

The NOBA (Notes on Bills and Amendments) for HSB 202 is available on the LSA web site at: http://www3.legis.state.ia.us/noba/.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HOUSE AGRICULTURE COMMITTEE PASSES GAS TAX FOR ETHANOL, SUNSET BILL – HSB 245

Ethanol Bill

The House Agriculture Committee passed HSB 245 (Gas Tax for Ethanol, Sunset Bill) on March 7. The Bill extends the current motor vehicle fuel tax schedule from June 30, 2007, to June 30, 2012. The Bill has been referred to the House Ways and Means Committee.

Background



Under current law, the tax rates for gasoline and ethanol-blended gasoline are adjusted annually based on the number of gallons of ethanol-blended gasoline sold in the State. The tax rates are subject to change each July 1, depending on the percentage of ethanol-blended gasoline sold during the

previous calendar year (CY). The tax schedule allows the tax rate for gasoline to fluctuate between 20.0 and 21.0 cents per gallon, and for ethanol-blended gasoline to fluctuate between 19.0 and 20.0 cents per gallon.

Current law provides that the tax schedule remain in effect until June 30, 2007. After that date, the tax will revert to a flat rate of 20.0 cents per gallon for gasoline and ethanol-blended gasoline. The Bill extends the June 30, 2007, expiration date, thereby eliminating the flat rate of 20.0 cents per gallon that would have become effective after that date, making the tax schedule effective until June 30, 2012.

Fiscal Impact



More Information

Since the tax schedule was implemented in FY 2001, the tax on gasoline has increased each year, reaching 21.0 cents per gallon in FY 2007. Ethanol-blended gasoline remains at 19.0 cents per gallon. Under the Bill, the tax rates are estimated to be 20.7 cents per gallon for gasoline and 19.0 cents per gallon for ethanol-blended gasoline, including E-85, in FY 2008, compared to 20.0 cents per gallon for both fuel types under current law. For FY 2009 through FY 2012, the tax is estimated to be 21.0 cents per gallon for gasoline and 19.0 cents per gallon for ethanol-blended gasoline, including E-85. The estimated fiscal impact is a decrease to the Road Use Tax Fund of between \$7.9 million in FY 2008 and \$8.6 million in FY 2012.

The Fiscal Note for HSB 245 will be available on the LSA web site at: http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HOUSE ECONOMIC GROWTH COMMITTEE PASSES ENTERPRISE ZONE, PRISON POPULATION BILL – HF 100

Enterprise Zone Bill

The House Economic Growth Committee passed HF 100 (Enterprise Zone, Prison Population Bill) on March 6. The Bill prohibits the inclusion of the prison population in the calculation of the percentage loss of county population when evaluating the criteria for designating an enterprise zone.

Fiscal Impact



House File 100 is estimated to reduce State General Fund revenue due to the addition of Page County as a county eligible to designate enterprise zones as follows:

- \$1.6 million in FY 2009
- \$2.1 million in FY 2010
- \$2.5 million in FY 2011
- \$3.0 million in FY 2012
- \$3.0 million in FY 2013

More Information

The Fiscal Note for HF 100 will be available on the LSA web site at: http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Ron Robinson (Ext. 16256)

HOUSE ECONOMIC GROWTH COMMITTEE PASSES LABOR SHED BILL – HSB 230

Labor Shed Bill The House Economic Growth Committee passed HSB 230 (Labor Shed Bill)

on March 6. The Bill requires the Department of Economic Development to use part of a Grow Iowa Values Fund appropriation for a labor shed study.

More Information The NOBA (Notes on Bills and Amendments) for HSB 230 will be available

on the LSA web site at: http://www3.legis.state.ia.us/noba/.

STAFF CONTACT: Ron Robinson (Ext. 16256)

HOUSE EDUCATION COMMITTEE PASSES ADVANCED PLACEMENT EXAMINATION FEE BILL – HF 47

AP Fees Bill The House Education Committee passed HF 47 (Advanced Placement

Examination Fee Bill) on March 7. The Bill requires local school districts to reimburse students or parents/guardians for Advanced Placement (AP) examination fees regardless of the score achieved. It limits reimbursement

to one examination per student annually.

Standing Appropriation The Bill establishes a standing, unlimited General Fund appropriation to the

Department of Education to reimburse school districts for AP examination

fees paid.

Fiscal Impact The fiscal impact of HF 47, as passed by the House Education Committee, to

the State General Fund is estimated to be \$498,000 in FY 2008, \$548,000 in

FY 2009, and \$603,000 in FY 2010.

More Information The Fiscal Note for HF 47 will be available on the LSA web site at:

http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Robin Madison (Ext. 15270)

HOUSE LABOR COMMITTEE PASSES WORKERS' COMPENSATION PERMANENT PARTIAL DISABILITY BILL HE 743

HF 743
 Disability Bill
 The House Labor Committee passed HF 473 (Permanent Partial Disability

Bill, formerly HSB 100) on March 6. The Bill amends Section 85.34, <u>Code of Iowa</u>, to provide that for purposes of Workers' Compensation, a scheduled injury resulting in permanent partial disability (PPD), which also results in a reduction in earning capacity greater than the weeks compensated in the schedule for that injury, be compensated in the same way as an unscheduled injury that results in PPD.

The compensation will instead be paid during the number of weeks, in relation to 500 weeks, as the reduction in the employee's earning capacity, caused by the disability, bears in relation to the earning capacity that the employee possessed when the injury occurred.

The Department of Administrative Services indicates that, while the Department, and the Workers' Compensation Third-Party Administrator, believe the legislation creates a substantial increase in costs and an

Fiscal Impact



administrative burden for all employers, an actuarial study would be necessary to determine the actual impact of this change to Workers' Compensation. The Department further indicates that such a study is not within the Department's budget; therefore, the fiscal impact cannot be determined at this time.

More Information

The Fiscal Note for HSB 100 will be available on the LSA web site at: http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Ron Robinson (Ext. 16256)

HOUSE LABOR COMMITTEE PASSES WORKERS' COMPENSATION SUCCESSIVE DISABILITIES BILL – HSB 99

Workers' Comp. Bill

The House Labor Committee passed HSB 99 (Successive Disabilities Bill) on March 6. The Bill changes the Workers' Compensation laws concerning successive disabilities and successor employers.

Fiscal Impact

The Department of Administrative Services indicates that, while the Department, and the Workers' Compensation Third-Party Administrator, believe the legislation creates a substantial increase in costs and an administrative burden for all employers, an actuarial study would be necessary to determine the cost impact to Workers' Compensation legislation. The Department further indicates that such a study is not within the Department's budget; therefore, the fiscal impact cannot be determined at this time.

More Information

The Fiscal Note for HSB 99 will be available on the LSA web site at: http://www3.legis.state.ia.us/fiscalnotes/.

STAFF CONTACT: Ron Robinson (Ext. 16256)

SENATE PASSES STUDENT ACHIEVEMENT AND TEACHER QUALITY PROGRAM BILL – SF 277

Teacher Quality



Minimum Salaries

The Senate passed SF 277 (Student Achievement and Teacher Quality Program Bill) on March 5. The Bill appropriates \$174.3 million from the General Fund in FY 2008, an increase of \$70.0 million compared to estimated FY 2007. The Bill also appropriates \$249.3 million from the General Fund in FY 2009, an increase of \$75.0 million compared to FY 2008.

Senate File 277 increases the minimum salaries for beginning, first-year career, and other career teachers by \$1,000 each. The estimated statewide cost of these increases is \$2.4 million in FY 2008.

Non-Admin, Staff

The Bill includes all licensed, non-administrative staff at Area Education Agencies (AEAs), school districts, the Iowa Braille and Sight Saving School, and the Iowa School for the Deaf in the allocation of salary funding. This adds 1,808.0 FTE positions to the allocation and reduces the per-FTE allocation by \$173 based on current estimates.

Pay for Performance

The Bill specifies that the purpose of the Pay for Performance Program, beginning in FY 2008, is to evaluate various career ladder designs.

Market Factor Incentives

The Bill changes the focus of the Market Factor Pay Program from salaries to incentives.

National Board Cert.

The Bill allocates funding to National Board Certification Awards to fulfill existing commitments to those who registered for certification prior to January 1, 2006. No additional awards are funded.

Administrator Quality

The Bill establishes the Administrator Quality Program, including the Beginning Administrator Mentoring and Induction Program, professional development, and evaluation against the Iowa standards for school administrators. The Beginning Administrator Mentoring and Induction Program was established in 2006 and is funded with a standing General Fund appropriation of \$250,000.

Guidance Counselors



The Bill requires school districts to have a licensed guidance counselor beginning July 1, 2007. It also requires each district to work toward a goal of having one qualified guidance counselor for every 350 students.

The cost of reaching the goal of one guidance counselor for every 350 students has not been estimated. In FY 2007, 154 districts had 350 students or fewer per guidance counselor, while 211 districts exceeded the desired ratio.

There is no fiscal impact to the State General Fund as a result of the requirement for guidance counselors. The statewide fiscal impact to local school districts is estimated to be between \$1.2 and \$2.5 million by FY 2010.

School Nurses



The Bill requires school districts to have a school nurse to provide health services to students beginning July 1, 2007. It also requires each district to work toward a goal of having one school nurse for every 750 students. The school nurse must hold a Statement of Professional Recognition issued by the Board of Education Examiners.

The cost of reaching the goal of one school nurse for every 750 students has not been estimated. In FY 2005, 136 districts had 350 students or fewer per guidance counselor, while 231 districts exceeded the desired ratio.

There is no fiscal impact to the State General Fund as a result of the requirement for school nurses. The statewide fiscal impact to local school districts is estimated to be between \$1.8 and \$3.5 million by FY 2010.

More Information

The NOBA (Notes on Bills and Amendments) for SF 277 is available on the LSA web site at: http://www3.legis.state.ia.us/noba/.

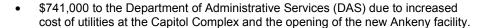
STAFF CONTACT: Robin Madison (Ext. 15270)

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE PASSES FY 2008 ADMINISTRATION AND REGULATION APPROPRIATIONS BILL – LSB 1126JA

Subcommittee Meeting

The Administration and Regulation Appropriations Subcommittee passed LSB 1126JA (FY 2008 Administration and Regulation Appropriations Bill) on March 7. The Bill appropriates a total of \$94.2 million from the General Fund and authorizes 1,875.8 FTE positions. This is an increase of \$8.3 million and 6.9 FTE positions compared to estimated FY 2007. Significant increases include:





- \$2.0 million to DAS for a one-time appropriation for the I/3 System to be distributed among State agencies to pay for increased I/3 charges. The departments will need to request these funds individually in future years.
- \$363,000 for the Department of Inspections and Appeals, Administration Division, for food establishment inspections in Polk and Jasper Counties.
- Special Advocate (CASA) Program statewide.
- \$222,000 for the Governor's Office, including \$300,000 to fund staff positions currently on loan from other departments and a decrease of \$77,000 for a onetime appropriation in FY 2007 to buy-out vacation hours earned by the previous Governor's staff.
- \$1.4 million for the Office of Drug Control Policy to replace lost federal funds that support drug task forces across the State.
- \$220,000 for the Commission on the Status of African Americans to maintain current operations and various outreach projects.
- \$250,000 to the Department of Management for statewide performance audits.
- \$1.3 million for the Department of Revenue for additional enforcement officers and staff to increase collections and modernize compliance information systems.
- \$696,000 for the Secretary of State, Administration, Elections, and Voter Registration Division, including \$300,000 for voter registration system modifications, \$60,000 to replace lost receipts from local governments, and \$336,000 and 6.5 FTE positions to transfer staff from the Business Services Division to the Administration Division. There is an equal reduction in the Business Services Division.



More Information

Copies of agendas, minutes, and selected handouts distributed to the Subcommittee are available on the General Assembly web site at: http://www3.legis.state.ia.us/ga/committee.do?id=32.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Sam Leto (Ext. 16764)

EDUCATION APPROPRIATIONS SUBCOMMITTEE PASSES FY 2008 EDUCATION APPROPRIATIONS BILL – LSB 1129JA

Subcommittee Meetings

The Education Appropriations Subcommittee met on March 6-7. On March 6, the Subcommittee reviewed a spreadsheet for the proposed Education Appropriations Bill. Copies of the Bill were distributed by the LSA later in the day.

Appropriations Bill



The Subcommittee passed LSB 1129JA (FY 2008 Education Appropriations Bill) on March 7. The Bill appropriates a total of \$961.6 million from the General Fund and 12,719.0 FTE positions to the Department for the Blind, the College Student Aid Commission, the Department of Education, and the Board of Regents. This is an increase of \$69.4 million and 27.2 FTE positions compared to estimated FY 2007.

Department for the Blind

The Bill appropriates \$2.4 million to the Department for the Blind for FY 2008. This is an increase of \$400,000 for Title I and general operating costs.

College Aid Commission

The Bill appropriates \$64.8 million to the College Student Aid Commission for FY 2008, which includes the following:

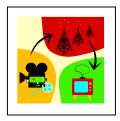
- \$41,000 increase for the Iowa Grant Program.
- \$75,000 for the National Guard Education Assistance Program.
- \$715,000 for the Teacher Shortage Loan Forgiveness Program.
- \$1.2 million for a new appropriation to include \$675,000 for the All Iowa
 Opportunity Foster Care Scholarship Program and \$500,000 for the All Iowa
 Opportunity Scholarship Program.
- \$250,000 for the Vocational Technical Tuition Grant Program.
- \$256,000 for the Work Study Program.
- \$1.9 million for the Tuition Grant Program to nonprofit institutions.
- \$208,000 for the Tuition Grant Program to for-profit institutions.

Dept. of Education

The Bill appropriates \$265.3 million to the Department of Education for FY 2008, which includes the following:

- \$640,000 and 10.0 FTE positions for the Administration Division.
- \$1.7 million to supplement federal funds for special education services for children from birth to age three due to expansion of eligibility and decreases in federal support.
- \$15.0 million for a new appropriation to provide access to preschool for four-yearold children.
- \$800,000 for a new appropriation for transfer to the Department of Human Services (DHS) for Early Head Start pilot projects.
- \$100,000 for a new appropriation for transfer to the DHS for a study requiring mandatory registration of child care providers.
- \$1.0 million for a new appropriation to be transferred to the DHS to extend eligibility for child care subsidy for children from six to 12 months.
- \$3.5 million for a new appropriation for student achievement strategies as outlined in SF 81 (Student Advancement Policy Bill), if enacted.
- \$500,000 for a new appropriation for the Belin/Blank Center at the University of lowa for support of advanced placement courses, exams, and on-line academies.
- \$400,000 for a new appropriation to establish a statewide education data warehouse.
- \$1.5 million to expand core course content and model curriculum as outlined in SSB 1276 (Model Core Curriculum Bill).
- \$12.4 million for community college general aid.





- \$460,000 to the State Library to replace a \$200,000 FY 2007 Rebuild Iowa Infrastructure Fund appropriation and to upgrade the State Data Center web site and expand electronic resources.
- \$209,000 to the Library Service Areas (regional libraries) to assist local libraries with early childhood programming.
- \$250,000 to the Enrich Iowa Library Program to increase Open Access reimbursement to local libraries from \$0.30 to \$0.35 per transaction.
- \$679,000 to Iowa Public Television for development of multi-channel program content, for an initiative to educate Iowa students for a changing world, and to educate the public regarding digital television.
- \$124,000 to the Regional Telecommunications Councils to replace E-Rate funding.

Board of Regents

The Bill appropriates \$629.1 million to the Board of Regents for FY 2008, which includes the following:

- \$25.0 million increase to the Board Office for distribution to the institutions for the general operating budgets.
- \$250,000 for a new appropriation to the University of Iowa for support of the Larned A. Waterman Nonprofit Resource Center.
- \$367,000 increase for the Iowa School for the Deaf.
- \$205,000 increase for the Iowa Braille and Sight Saving School.

More Information

The NOBA (Notes on Bills and Amendments) for LSB 1129JA will be available on the LSA web site at: http://www3.legis.state.ia.us/noba/.

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE MEETING

Subcommittee Meeting

The Health and Human Services Appropriations Subcommittee met on March 7 and discussed the FY 2008 budget for the departments under the purview of the Subcommittee.

More Information

Copies of the spreadsheet reviewed by the Subcommittee are available on the General Assembly web site at: http://www3.legis.state.ja.us/ga/committee.do?id=37.

STAFF CONTACT: Lisa Burk (Ext. 17942) Jess Benson (Ext. 14611) Sue

Lerdal (Ext. 17794)

JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE PASSES FY 2008 JUDICIAL BRANCH APPROPRIATIONS BILL – LSB 1132JA

Appropriations Bill



The Justice System Appropriations Subcommittee passed LSB 1132JA (FY 2008 Judicial Branch Appropriations Bill) on March 8. The Bill appropriates \$127.4 million from the General Fund, \$2.0 million from the Jury Witness Fee Revolving Fund, and authorizes 1,985.5 FTE positions for the Judicial

	Branch. This is an increase of \$2.1 million and 11.5 FTE positions compared to estimated FY 2007.	
Justice Systems	The Subcommittee plans to meet on March 13 at 9:30 AM in Room 24 to complete work on the Justice System Appropriations Bill.	
More Information	The NOBA (Notes on Bills and Amendments) for LSB 1132JA will be available on the LSA web site at: http://www3.legis.state.ia.us/noba/ .	
	STAFF CONTACTS: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)	

This document can be found on the LSA web site: http://www.legis.state.ia.us/Fiscal/fiscupdt/